

**MINUTES OF THE
YORBA LINDA WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
January 10, 2008**

The January 10, 2008 regular meeting of the Yorba Linda Water District Board of Directors was called to order by President Summerfield at 8:30 a.m. The meeting was held at the Richfield Plant, 913 S. Richfield Road, Placentia.

DIRECTORS PRESENT AT ROLL CALL

John W. Summerfield, President
William R. Mills, Vice President
Paul R. Armstrong
Michael J. Beverage
Richard P. Collett

STAFF PRESENT

Michael A. Payne, General Manager
Arthur G. Kidman, General Counsel
Kenneth R. Vecchiarelli, Asst. G.M.
Lee Cory, Operations Manager
Gina Knight, HR Manager
Pat Grady, IT Director
Amelia Cloonan, Executive Secretary

INTRODUCTION OF VISITORS AND PUBLIC COMMENTS

None

SPECIAL RECOGNITION

None

Item 3 of the Consent Calendar was pulled at the request of staff for further discussion at the Executive-Administrative-Organizational Committee meeting to be held January 15, 4:00 p.m.

CONSENT CALENDAR (Items 1 through 4)

On a motion by Vice President Mills, seconded by Director Armstrong, the Board of Directors voted 5-0 to approve Consent Calendar items 1, 2 and 4.

1. Minutes of the Regular Board of Directors meeting held December 27, 2007.
Recommendation: Approve the minutes as presented.
2. Payment of bills, refunds, and wire transfers.
Recommendation: Ratify and authorize disbursements in the amount of \$352,862.77.
3. Consider a Professional Services Agreement with Foss Consulting Group for appraisal services for the District's Plumosa Drive property.
Recommendation: That the Board of Directors authorize the President and Secretary to execute a Professional Services Agreement with Foss Consulting Group in an amount not to exceed \$5,000, subject to review as to form by General Counsel.

Director Beverage wanted to know what the District will receive for the monies to be spent. General Manager Payne stated the attachment contains all the information about the parameters of the contract. Director Armstrong asked about the District's presence in downtown Yorba Linda, e.g. for drop off of bills. The Yorba Linda Chamber office was suggested as a location to distribute information about the District. There will be a report at the Public Information-Technology Committee meeting.

4. Construction of the New District Administration Building
Recommendation: Approve Progress Payment No. 10 in the net amount of \$427,382.60 to J.E. Grant General Contractors for construction of the New Administration Building, Job No. 200313.

Director Beverage requested the Closed Session item be moved to the end of the agenda for this Board meeting and for future Board meetings. The members of the Board of Directors concurred.

ACTION CALENDAR

7. Annual Board of Directors Committee Assignments. President Summerfield addressed the item. Director Beverage requested that he remain on the MWDOC Ad Hoc Committee. Vice President Mills will Chair the committee. Director Collett is the alternate. Assignments were as outlined herein.

Executive-Administrative-Organizational Meets 3rd Tuesday @ 4:00 p.m.
Directors Summerfield/Mills
Alternate: Collett

Finance-Accounting Meets 2nd Tuesday @4:00 p.m.
Directors Beverage/Summerfield
Alternate: Mills

Personnel-Risk Management Meets 2nd Monday @ 4:00 p.m.
Directors Armstrong/Collett
Alternate: Summerfield

Planning-Engineering-Operations Meets 1st Thursday @ 4:00 p.m.
Directors Mills/Armstrong
Alternate: Beverage

Public Information-Technology Meets 1st Tuesday @ 4:00 p.m.
Directors Collett/Beverage
Alternate: Armstrong

MWDOC Ad Hoc Committee Meets every other month
Directors Mills/Beverage 3rd Tuesday @ 4:00 p.m.
Alternate: Collett

Building Ad Hoc Committee
Directors Summerfield/Beverage
Alternate: Armstrong

Meets 3rd Thursday @ 4:00 p.m.

Intergovernmental and "Other" meeting assignments:

Yorba Linda City Council	Mills 1 st meeting	Armstrong 2 nd meeting
Yorba Linda Planning Commission	Collett 1 st meeting	Summerfield 2 nd meeting
ACWA/JPIA Representative	Director Mills – <i>Alternate Director Armstrong</i>	
ACWA Region 10	No assignment	
ISDOC	Director Mills	
LAFCO	As needed	
WACO	As needed	
City of Yorba Linda Ad Hoc	Summerfield	
City of Placentia Ad Hoc	Beverage	

Director Armstrong mentioned that Director Collett was nominated and elected to the Board of Managers for the YMCA.

REPORTS, INFORMATION ITEMS AND COMMENTS

9. a. President's Report

There was no report.

b. Directors Reports

Director Armstrong questioned how much runoff there was during the recent storms.

Vice President Mills mentioned the invitation to attend the Groundwater Replenishment System Dedication Ceremony, Friday, January 25, 11:00 a.m. to 1:00 p.m. General Manager Payne will attend and spoke about carpooling to this event. Vice President Mills, Directors Beverage and Armstrong will attend and carpool. President Summerfield will attend but will not carpool. Director Collett will not be able to attend.

Director Collett will attend the Placentia State of the City address on February 28. It was agreed the Board meeting on that date will start at 9:00 a.m.

c. General Managers Report

1) Report on Eastlake pressure enhancement project.

General Manager Payne mentioned an invitation from the North Orange County Legislative Alliance taking place at the Nixon Library on January 24. Elected officials will be honored. If a Director wishes to attend, please let us know, so reservations can be made.

The Placentia-Yorba Linda Unified School District State of the District takes place tonight.

The YLWD State of the District is planned for January 22 at 11:00 a.m. in the EOC Room at the Richfield Plant.

d. General Counsel's Report

General Counsel Kidman predicts the state budget will take up a lot of attention and that there will be a fiscal impact on the District. He predicts Met will hear more and more about water conservation.

In November, MWDOC finally had its MSR process "completed" in front of LAFCO. Essentially there were no changes. The Commission wants to keep the conflict alive between MWDOC and south county agencies. What is going on with the LAFCO MSR process seems wrong to General Counsel. It has become a review of how an agency or an agency's board is actually carrying out its responsibilities. MWDOC's Board should be covering discretionary decisions. Yet this process is being used for disgruntled constituents to be able to review these decisions. We need to be aware that it seems a bad idea for a forum like LAFCO to be used by disgruntled or unhappy constituents. Director Beverage asked how to correct this? General Counsel Kidman responded that the District needs to pay attention to groups like ISDOC and LAFCO. The solution is political. Vice President Mills asked how the District can weight in on the issues? General Counsel Kidman responded that if you feel MWDOC is making decisions that are not right, do you try to influence those decisions or do you try to change MWDOC? The solution is to remain involved in the decision making process.

With terms limits, legislators do not have the same expertise as in the past. Having a lobbyist in Sacramento is not extremely common for agencies.

Cindy Mejia entered the meeting at 9:07 a.m.

COMMITTEE REPORTS

10. a. **Executive-Administrative-Organizational Committee**

(Summerfield/Mills) *Alternate: Collett*

1) Meeting scheduled for Jan 15, 2008, 4:00 p.m.

b. **Finance-Accounting Committee**

(Mills/Beverage) *Alternate: Summerfield*

1) Minutes of meeting held January 8 will appear in the Board agenda for January 24, 2008.

Vice President Mills reported. The investment report was reviewed. The Countrywide bond matured. Staff was requested to take another look at investing in LAIF. The big item was the request by staff to get the Committee's concurrence to discharge the auditors. They have been late and asked staff to do work they should be responsible for accomplishing. The Committee members concurred. Policy was discussed. The Committee thought it would be a good idea if each committee received

copies of the policies that committee is responsible to review and consolidate at the Executive Committee level.

There is no policy on refunds or the state taking monies. There was discussion about the rate hearing and that it did not go as well as hoped. General Manager Payne asked for input on improving. There was a question about the amount of projected interest indicated in the budget.

There was further discussion about what occurred at the public hearing with the refunds, raising rates and the budget.

President Summerfield indicated the members of the Finance-Accounting Committee would be Summerfield and Beverage with Mills as alternate. He feels the committee has not yet finished with what it has been doing, and he would like Directors Beverage and Mills to continue to meet in the next couple of meetings so all issues can be resolved.

General Counsel Kidman wanted to comment relative to the Brown Act and communications outside the Board meetings. With discussion about Board members having computers, there are some guidelines that must be addressed. With a computer, all five Board members are able to receive communications from staff. Communications back to staff individually are probably OK. Communications between Board members can be OK, but it is close enough to the line that he suggests staying away from it. Any kind of vote count outside the meeting is a violation of the Brown Act. There is an electronic record of e-mails. Communications between committee members are a potential problem. If you need to discuss what happened at a meeting, you need to call another meeting. Business must be conducted in the open. Gina Knight mentioned that one of the topics at Indian Wells was errors and omissions insurance.

2) Meeting scheduled for February 12, 4:00 p.m.

c. **Personnel-Risk Management Committee**
(Summerfield/Armstrong) *Alternate: Mills*

1) Minutes of the meeting held January 14 will appear in the Board agenda for January 24, 2008.

2) Meeting scheduled for February 11, 4:00 p.m.

d. **Planning-Engineering-Operations Committee**
(Armstrong/Mills) *Alternate: Collett*

1) Meeting scheduled for January 11, 8:30 a.m.

e. **Public Information Committee**

(Collett/Beverage) *Alternate: Armstrong*

- 1) Minutes of meeting held January 9 will appear in the Board agenda for January 24, 2008.

Director Beverage reported. Pat Grady gave the committee input. There were several demonstrations, one on the intranet. There will be laptops in the new building for the Directors who will be able to query whether something is a policy or a resolution.

- 2) Meeting scheduled for February 5, 4:00 p.m.

f. **Building Ad Hoc Committee**

(Summerfield/Beverage) *Alternate: Armstrong*

- 1) Meeting scheduled for January 17, 4:00 p.m.

g. **MWDOC Ad Hoc Committee**

(Beverage/Collett) *Alternate: Mills*

- 1) Meeting scheduled for February 26 to be rescheduled.

h. **City of Yorba Linda Ad Hoc Committee**

(Summerfield/Payne)

- 1) Meeting scheduled for January 23, 9:00 a.m.

i. **City of Placentia Ad Hoc Committee**

(Beverage/Payne)

- 1) Meeting to be scheduled.

INTERGOVERNMENTAL MEETINGS

11. a. Yorba Linda City Council, Jan 2.
Vice President Mills attended. There was nothing to report.
- b. MWDOC/MWD Joint Workshop, Jan 2.
General Manager Payne stated there was nothing to report.
- c. OCWD Board, Jan 2 (Staff) - *Cancelled*
- d. WACO, Jan 4.
No one attended.
- e. Yorba Linda Planning Commission, Jan 9
The meeting was cancelled.

Barry Brokaw entered the meeting at 9:42 a.m.

BOARD OF DIRECTORS ACTIVITY CALENDAR

Authorization to attend meetings scheduled after January 10, 2008. Agenda is available in the District office prior to meeting.

January 2008

Planning-Engineering-Operations Committee, Jan 11, 8:30 a.m.	Armstrong/Mills
Personnel-Risk Management Committee, Jan 14, 4:00 p.m.	Summerfield/Armstrong
Executive-Admin-Organizational Committee, Jan 15, 4:00 p.m.	Summerfield/Mills
Yorba Linda City Council, Jan 15, 6:30 p.m.	Armstrong
MWDOC Board, Jan 16, 8:30 a.m.	Staff
OCWD Board, Jan 16, 5:00 p.m.	Staff
Building Ad Hoc Committee, Jan 17, 4:00 p.m.	
Yorba Linda Planning Commission, Jan 23, 6:30 p.m.	Summerfield

February 2008

WACO, Feb 1, 7:30 a.m.	
Public Information Committee, Feb 5, 4:00 p.m.	
Yorba Linda City Council, Feb 5, 6:30 p.m.	
MWDOC/MWD Joint Workshop, Feb 6, 8:30 a.m.	Staff
OCWD Board, Feb 6, 5:00 p.m.	Staff
Planning-Engineering-Operations Committee, Feb 7, 4:00 p.m.	
Personnel-Risk Management Committee, Feb 11, 4:00 p.m.	
Finance-Accounting Committee, Feb 12, 4:00 p.m.	
Yorba Linda Planning Commission, Feb 13, 6:30 p.m.	
President's Day, Feb 18	District Offices Closed
Executive-Admin-Organizational Committee, Feb 19, 4:00 p.m.	
Yorba Linda City Council, Feb 19, 6:30 p.m.	
MWDOC Board, Feb 20, 8:30 a.m.	Staff
OCWD Board, Feb 20, 5:00 p.m.	Staff
Building Ad Hoc Committee, Feb 21, 4:00 p.m.	
MWDOC Ad Hoc Committee, Feb 26, 4:00 p.m.	
Yorba Linda Planning Commission, Feb 27, 6:30 p.m.	
Yorba Linda Water District Board of Directors Meeting, Feb 28	Commences 9:00 a.m.

CONFERENCES AND SEMINARS

12. Authorize attendance of Directors and such staff members of the District as approved by the General Manager to attend the following conferences and seminars.

a. None

DISCUSSION ITEMS

8. Barry Brokaw, Sacramento Advocates, presented an update on legislative activities. He predicted this will be a very bleak year. The question is whether the state will be able to continue to meet expectation and fund programs without increasing revenues. The Democrats believe revenue increases need to be part of the solution. The Republicans and the Governor do not want to increase taxes. At the "May Revise" of the budget, the state will really know what it has. Right now

there is a \$14 billion deficit over the next 18 months. The Governor has proposed a fee on homeowners insurance, early release of 28,000 prisoners, education cuts and a proposed budget amendment that would trigger automatic spending cuts if the Department of Finance determines the state is facing a deficit.

With the housing and mortgage crisis, unemployment has risen.

Also addressed were the problems with the Delta and water delivery systems and storage combined with increasing population and the peripheral canal.

Health care and the uninsured were addressed as was education issues.

Other Key Water Issues for 2008 Include:

SB 732 (Steinberg) Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coast Protection Bond Act of 2006.

SBX2 1 (Perata) Water quality, flood control, water storage and wildlife preservation. 60% of funds appropriated for flood protection and 15-20% for projects to protect or improve drinking water quality.

SBX2 2 (Perata) Safe Drinking Water Act of 2008. Senate's major water bond proposal for 2008. Provides all the Governor is seeking except funding for new water storage reservoirs.

There were questions about LAIF, mortgage foreclosures, non-payment of property taxes, grant funds, drilling new wells, URBAN account, groundwater cleanup, Integrated Regional Water Management Plan, water conservation and water safety issues (under DOHS oversight of funding).

A brief recess was declared at 10:36 a.m. The Board reconvened at 10:45 a.m. and adjourned to Closed Session. All Directors were present. Also present were General Manager Payne and General Counsel Kidman.

ADJOURN TO CLOSED SESSION

5. Conference with Legal Counsel – Existing Litigation (Subdivision (a) of Section 54956.9). Adjudicatory proceeding initiated by Yorba Linda Water District pending before Orange County Local Agency Formation Commission to annex of certain land to Orange County Water District.

General Manager Payne and General Counsel Kidman left Closed Session.

6. Public Employee Performance Evaluation [Government Code Section 54957] Title: General Manager.

RECONVENE IN OPEN SESSION

The Board of Directors reconvened in open session at 12:05 p.m.

CLOSED SESSION REPORT

There was no reportable action taken in Closed Session.

TOUR DISTRICT FACILITIES

13. Tour the new Administration Building

ADJOURNMENT

On a motion by Director Beverage, seconded by Vice President Mills, the Board of Directors voted 5-0 at 12:30 p.m. to adjourn to a regular meeting of the Board of Directors scheduled for January 24, 2008, at 8:30 a.m., at 4622 Plumosa Drive, Yorba Linda 92886.

Michael A. Payne
Secretary